

SCHEDULE P
ATTESTATIONS

AGENCY _____

ADDRESS _____

PERIOD OF REPORT: FROM: _____ TO _____

COST REPORT ON COMPUTER DISK ____ NO ____ YES SOFTWARE USED _____

ADMINISTRATOR _____
(Internal Type)
TELEPHONE NUMBER _____

CONTACT NAME (If Different) _____ TELEPHONE NUMBER ____

FACILITY E-MAIL ADDRESS _____

PROVIDER NUMBER _____

ATTESTATIONS:

STATE OF SOUTH DAKOTA)

COUNTY OF _____)

_____ being first duly sworn on oath states and alleges as follows:
(Name of Owner/Administrator)

I declare and affirm under the penalties of perjury that this report and all attachments have been examined by me and, to the best of my knowledge and belief, is in all things a true and correct statement of total operating expenditures, balance sheet, earnings and expenses, and supplemental information and that this report is submitted under the terms of the South Dakota Department of Social Services. I understand that any payment resulting from this report will be from federal and state funds, and that any false statements or documents, or the concealment of a material fact, may be prosecuted under applicable Federal and State laws. I also understand that all information in this report and all attachments may be subject to a complete audit and verification by the Department of Social Services and/or by the United States Department of Health and Human Services. I will keep all records, books, and other information pertaining to this cost statement for a period of six years. If there is an unresolved audit exception, I will keep these records until all issues are resolved.

Dated this _____ day of _____, at

Signature & Title of Owner/Administrator or Preparer

Subscribed and sworn to before me this _____ day of

My Commission expires

Notary Public

**INSTRUCTIONS FOR COMPLETING
STATISTICAL AND COST SUMMARY
FOR LONG TERM CARE FACILITIES**

FACILITY 2007 COST REPORTING PERIOD

PURPOSE

The purpose of this report is to obtain the patient-related costs incurred by long term care facilities providing services according to all applicable state and federal laws, regulations, and quality and safety standards. The regulations governing the completion of this report and long term care reimbursement can be found in the Administrative Rules of South Dakota, Chapter 67:16:04.

SUBMITTAL INSTRUCTIONS

- 1) Please complete and return the “Statistical and Cost Summary Report” For Long Term Care Facilities, (ORIGINALS ONLY) to the following address:

Office of Provider Reimbursement and Auditing
Department of Social Services
700 Governors Drive
Pierre, South Dakota 57501-2291

- 2) The Department of Social Services requires each Medicaid participating nursing facility to complete and submit the cost report within 150 days following the close of their fiscal year end.
- 3) All inquiries on completion of these forms should be directed to the Department of Social Services, Office of Provider Reimbursement, at (605) 773-3643.

GENERAL INSTRUCTIONS

1. The financial and statistical report is not complete until all required schedules are complete and correct, and all inquiries made to the provider are satisfactorily resolved. All incomplete or incorrect reports will be returned to the provider for correction. The Department may set a new rate effective the first day of the month following the month in which the correct report was received or later for facilities returning corrected reports after the rates have been established. If an attachment does not apply to your facility, indicate by marking N/A on the form. Only properly completed reports received within established time frames will be used in calculating averages. ARSD 67:16:04:34.

2. Extensions for filing the annual report beyond the 150 day deadline shall be requested as follows:
 - a) There shall be no automatic extensions for filing the annual report. All requests must be in writing and must be received by the Office of Provider Reimbursement at least fifteen working days prior to the due date.
 - b) Requests must clearly explain the necessity for the extension and specify the date upon which the report will be submitted.
 - c) Approval of extensions will be granted for good cause only at the sole discretion of the Department, based on the merits of each request, and will be conveyed to the provider in writing. A "good cause" is one that supplies a substantial reason, one that affords a legal excuse for the delay, or an intervening action beyond the provider's control. The following are not considered "good cause": ignorance of the rule, inconvenience, or a cost report preparer engaged in other work.
 - d) Only properly completed cost reports received within the established time frames, including approved extensions, will be used in establishing the ceiling limitations.
3. If you reported less than twelve months costs last year because you were a new facility, you must report twelve months cost this year.
4. Any new facility whose current rate is based on a projected rate and has less than one year experience must submit actual historical cost based on as many full months as possible and still have their report in this office by April 30. A report of less than twelve months must adjust such items as insurance and depreciation to the period of the report.
5. DO NOT CROSS OUT OR RETITLE LINES ON THE FORMS.
6. The report must be completed following generally accepted accounting procedures as defined in §20:37:11:08 and on an accrual method of accounting. The accrual method means that revenue is reported in the period when it is earned, regardless of when it is collected, and expenses are reported in the period in which they are incurred, regardless of when they are paid. ARSD 67:16:04:34.
7. All figures are to be rounded off to the nearest dollar. \$.01 to \$.49 should be shown at the dollar amount. \$.50 to \$.99 should be rounded to the next higher dollar amount.
8. All expenses reflected on the Statistical and Cost Summary Report must be supported by the facility's general ledger. **A copy of the facilities trial balance must accompany the cost report.** Adjusting journal entries must be supported by worksheets or an explanation which reasonably justifies the entry. All records and worksheets used in preparing the reports must be readily available for audit. ARSD 67:16:04:36.

9. All costs in column 4 and 5 of Schedule A are to be shown as net costs. Expenses reimbursed by patients, employees, etc., are to be deducted from applicable expenses. For example: money received from guests or employees for meals is to be deducted from raw food costs. Long distance phone calls for which you are reimbursed should also be deducted. In addition, costs which are not normally covered by routine charges, such as services which are included in the Veteran's Administration (VA) per diem rate, should not be reported as costs for the Medicaid program.
10. Supplies and services for individual residents which are billed or billable to other sources, such as Medicare, should be billed to the appropriate agency for direct payment and should not be reported as costs for the long term care program.
11. Bad debts should be adjusted out in Column 2 of Schedule A.
12. Allowable costs such as third party costs or adjustments in depreciation which are not recorded in your general ledger should be reported and adjusted accordingly in Column 3 of Schedule A.
13. a. Providers must maintain accurate and auditable financial and statistical records which are in sufficient detail to substantiate their cost reports for a period of six years following the date of submission of the cost reports to the Department.

These records must be made available to representatives of the State of South Dakota and/or the Federal Department of Health and Human Services upon demand. In no instance shall records be destroyed when an audit exception is pending.

- b. **FAILURE TO MAINTAIN AUDITABLE RECORDS OR FAILURE TO PROVIDE ALL NECESSARY PROVIDER AND RELATED ORGANIZATION RECORDS MAY CAUSE YOUR MEDICAID PAYMENTS TO BE WITHHELD.** In addition, failure to provide necessary supporting documentation to the Provider Audit Program staff will result in the disallowance of such expenses. Those expenses that remain unsupported at the termination of the audit response period WILL NOT subsequently be allowed. ARSD 67:16:04:34.

14.
 - a. Costs must be ordinary and necessary and related to patient care. They must be of the nature and magnitude that prudent and cost-conscious management would pay for a specific item or service.
 - b. Costs must not be of the type conceived for the purpose of circumventing the regulations. All costs should be reported in the cost report category which reflects generally accepted classifications used by the nursing home industry.
 - c. Costs that relate to inefficiency, unnecessary or luxurious care or facilities, and to activities not common and accepted in the nursing home industry are not allowable.
 - d. Compensation for services of owners is an allowable cost. To be allowable, compensation must be reasonable and must be for services that are necessary and related to patient care and pertinent to the operation of the facility. The services must actually be performed and must be paid in accordance with provisions of HCFA-15. The compensation must be reported to all appropriate state and federal tax authorities to the extent required by law for income tax, social security, and unemployment insurance purposes.

To be reasonable, the compensation must not exceed what would ordinarily be paid for comparable services by comparable facilities. If services are less than full time, the rate of compensation should reflect that fact.

- e. Reasonable patient-related costs will be determined in accordance with Health Care Financing Administration Manual (HCFA-15), Administrative Rules of South Dakota and instructions issued by the Department. Instructions issued by the Department will supersede HCFA-15, should discrepancies occur between the two. Fraudulent statements will be referred to the Medicaid Fraud unit for appropriate action.

15. All cost reports are subject to a desk audit and a field audit. ARSD 67:16:04:37.

16. A very thorough effort must be exercised to ensure that the cost report is completed accurately. In the prospective reimbursement system, the costs reported will affect the rate for other providers as well as the rate for the reporting provider. Thus, the report must be correct when filed, rather than adjusted after rates have been established. Unallowable costs should be included on the report and adjusted out in the appropriate column(s) of Schedule A. The provider is primarily responsible for the accuracy and appropriateness of the reported information.

17. The Department may reclassify individual cost line items to categories which more accurately reflect cost reporting procedures used by the majority of nursing homes (or as generally accepted in the nursing home industry).

18. Copies of the facilities workpapers must accompany the cost report for the following:

- a) Reconciliation of Schedule A, Column 1 (Trial Balance Expenses).
- b) Documentation supporting the adjustments as shown in Column 2 of the Schedule A.
- c) Documentation supporting the adjustments as shown in Column 3 of the Schedule A.

SUMMARY SCHEDULE

Section I

Please complete the general information regarding your facility. Line 1 refers to your seven digit medical vendor number.

Section II

Please specify your facility's type of ownership, and;

Please identify the name and address of the title owners of the facility, and;

If applicable please identify the name and address of the management company operating the facility (if different from the title owner(s)).

Section III

Line 7

The total for this line must be supported by Schedule O. Please refer to the directions for Schedule O and O-1.

Line 8

Please round the number you report on this line to the nearest tenth of a percent. (e.g., 96.5%)

Section IV

Line 1, 2, 3 & 4

To be completed by the Department.

Section V

In the event there are questions concerning the completion of this report, please list the contact persons (1.)Name and (2.)Telephone Number.

SCHEDULE A INSTRUCTIONS

The following definitions must be used in completing Schedule A of the Statistical and Cost Summary for Long Term Care Facilities. It is important that Schedule A be completed exactly as requested so that it will be comparable to other nursing homes throughout the state.

Throughout this report gross salaries includes vacation, sick pay, and holiday pay. "Employee Fringe Benefits" are defined as health insurance, life insurance, pension plans, retirement plans, or any other allowable expenditure made to or on behalf of employees. Benefits shown as costs must be required by law or offered by the facility and supported by a written contract or written policies of the facility.

The facility must maintain **full supporting documentation for any employee who performs more than one job function.** (e.g., time cards, position description, etc.) A facility which has an employee on-staff to provide inservice training should allocate that employee's salary to the appropriate line under the "Salary" column on the cost report. Consultants would be reported in the "Other" column on the appropriate line.

Costs incurred in providing services (e.g., laundry, meals) to outpatients and non-patients, such as supervised living residents, should be reported, and adjusted out in Column 2 of Schedule A.

The amounts to be reported in **Column 1 of Schedule A** are to be taken from your trial balance after you have made the end of the month and/or year end entries, such as the inventory adjustments and prepaid expense adjustments. The total of the trial balance column must agree with the total operating expenses of your facility's trial balance and general ledger including costs of all activities of your organization. Worksheets itemizing the accounts reported on each line of the cost report must be available.

Column 2 is to be used to adjust those non-patient care related costs such as the cost of supervised living patients, day care, apartment complexes, or any other activity which is not related to patient care.

Column 3 is to be used for adjusting costs for such things as rebates, meals sold to employees, craft sales, refunds, and credit memos. The column can be used for both positive and negative adjustments. One example of a positive adjustment would be when a related corporation pays all the costs of the physical plant and those costs are not recorded on the facility's records. Another example would be a reclassification of a cost such as a medical records person included on the facility's trial balance as a nurse aide and reported on Schedule A, Column 1, Line A-3. In this case the medical records person would have to be reclassified from nurse aide (Line A-3) to medical records (Line B-2) through a positive and a negative adjustment in Column 3. Again, it is necessary to submit a worksheet identifying all adjustments.

NOTE: The department suggests completing supporting schedules prior to completing Schedule A.

Schedule A

DIRECT PATIENT CARE

Line A-1 Registered Nurses

Enter gross salaries for all individuals licensed as RN's for time utilized in performing nursing care.

Line A-2 Licensed Practical Nurses

Enter gross salaries for all individuals licensed as LPN's for time utilized in performing nursing care.

Line A-3 Nurse Aides

Enter the gross salaries for all nurse aides who perform duties which involve direct contact with the patients on a day-to-day basis and whose sole purpose is to enhance the quality of care given to the patients.

Due to the inconsistencies that would be involved with reallocation of nursing salaries for support-type functions performed (such as carrying food trays, cleaning wheelchairs, or transporting patients), all nursing salaries must be reported on the appropriate lines above. Thus, employees' salaries must be reported on the appropriate lines above if the employees meet any one of the following qualifications:

A. Job Title - A person's job is nursing-related, such as nurse aide, and the purpose of the position is to assist in meeting the needs of the patients.

B. Availability - A person is available to answer call lights or to be reported to the Department of Health in determining appropriate staffing levels.

C. For the purpose of this document the definition of Nurse Aide is as follows: Nurse Aide means any individual providing nursing or nursing related services to patients/residents in a nursing facility and who has met or is in the process of meeting the minimum standards as set forth by the State of South Dakota, but does not include an individual who is a licensed health professional or who volunteers to provide such services without monetary compensation.

Line A-4 Nursing Supplies

Enter all nursing supplies used in rendering care to patients, such as adhesives, catheters, thermometers, oxygen, ostomy supplies, supplies for incontinency, dressings, gauze, hypodermic syringes and needles, rubber goods, stock medications, and nutritional supplements.

Expenses for prescription drugs and certain medical supplies of the type which are paid direct to the supplier for Medicaid residents by the Department of Social Services, Office of Medical Services, must be reported on Column 1 (trial balance) and adjusted out in Column 3, patient care related adjustment.

This adjustment pertains to any add-on payments, prescription drugs and other medical supplies for both Medicaid and private pay residents.

NOTE: Over-the-Counter Medications, as required by ARSD 67:16:04:41, are to be reported on line A-12 (Other) and Schedule I must be completed.

Line A-5 Occupational Therapy

In the "Salary" column, enter gross salaries for all individuals licensed as Occupational Therapists for time utilized in performing occupational therapy services to patients within your facility.

In the "Other" column, enter all fees paid to licensed Occupational Therapists with whom you have a written contract to provide occupational therapy services for your facility.

Line A-6 Speech Therapy

In the "Salary" column, enter gross salaries for all individuals licensed as Speech Therapists for time utilized in performing speech therapy services to patients within your facility.

In the "Other" column, enter all fees paid to licensed Speech Therapists with whom you have a written contract to provide speech therapy services for your facility.

Line A-7 Physical Therapist

In the "Salary" column, enter gross salaries for all individuals licensed as a Physical Therapist for time utilized in performing physical therapy services to patients within your facility.

In the "Other" column, enter all fees paid to licensed Physical Therapists with whom you have a written contract to provide physical therapy services for your facility.

Line A-8 Therapy Aides

Enter the gross salaries for all non-licensed individuals who assist licensed therapy personnel in performing therapy services.

Individuals listed on this line must have supporting documentation (e.g., Job Descriptions, time cards, etc.).

Line A-9 Therapy Supplies

Enter the costs of supplies used in providing therapy services.

Line A-10 FICA

Enter employer's share of FICA on salaries reported in Section A - Direct Patient Care.

Line A-11 Employee Fringe Benefits

Enter employer's share of fringe benefits for employees reported in Section A - Direct Patient Care.

Line A-12 Other Direct Patient Care

Enter in the appropriate column any other direct patient care costs (i.e., podiatry services, cost of over-the-counter medications for Medicaid residents) your facility has incurred that are not reported on Lines A-1 through A-11. **Please complete Schedule I identifying all costs reported on this line.**

Line A-13 TOTAL PATIENT CARE

Enter the total of Lines A-1 through A-12.

HEALTH AND SUBSISTENCE

Line B-1 Director of Nursing

Enter the gross salaries for the individual(s) performing the duties of Director of Nursing.

Line B-2 Medical Records

In the "Salary" column, enter the gross salaries for the individuals whose primary responsibility is the maintenance and accountability for medical records. Salaries of nursing service personnel who routinely make entries on patients records as part of their nursing duties should be reported as nursing salaries. Administrative employees who perform medical record functions must maintain documentation to support any salary allocation to medical records.

In the "Other" column, enter the costs of supplies and consultants utilized by medical records.

Line B-3 Activities

In the "Salary" column, enter gross salaries paid to individuals working with the activity program.

In the "Other" column, enter the costs of consultants and supplies used in providing activity services to patients within your facility, as well as travel costs incurred in providing activity services to patients.

Line B-4 Social Services

In the "Salary" column, enter gross salaries paid to social service staff.

In the "Other" column, enter the costs of consultants and supplies used in providing social services to patients within your facility.

Line B-5 Chaplaincy

In the "Salary" column, enter gross salaries paid to chaplains.

In the "Other" column, enter the costs of consultants and supplies used in providing chaplaincy services to patients within your facility.

Line B-6 Barber and Beautician

Enter fees, supplies, and other direct expenses of barber and beauty services. Revenue received for these services should show as an offset in Column 2 and/or 3 of Schedule A.

Line B-7 Medical, Dental, and Pharmacy Consultant

Enter all fees paid to licensed physicians, licensed dentists and licensed pharmacists, with whom you have a written contract to provide medical services for your facility.

Line B-8 Dietician/Dietary Supervisor

In the "Salary" column, enter gross salaries for the individual(s) performing the duties of a Dietician/Dietary Supervisor.

Line B-9 Other Dietary Salaries

In the "Salary" column, enter the gross salaries earned by all individuals preparing food, serving food, dishwashing, and related duties.

Line B-10 Dietary Consultant Fees

In the "Other" column, enter all fees paid to licensed Dietitians with whom you have a written contract to provide dietetic services for your facility.

Line B-11 Dietary Supplies

Enter supply expenses for preparing and serving food such as dishes, glassware, flatware, paper products used in food service, kitchen utensils, soaps and detergents, menus, and aprons, etc., for dietary personnel.

Line B-12 Food Purchases

Self-Explanatory

Line B-13 Laundry Supervisor

In the "Salary" column, enter gross salaries for the individual(s) performing the duties of Laundry Supervisor.

Line B-14 Other Laundry Salaries

In the "Salary" column, enter gross salaries for laundry personnel used for in-house laundry.

Line B-15 Laundry Supplies

Enter the cost of linens and laundry soaps, detergents, bleaches, etc., used to operate laundry service. (The cost of disposable briefs must NOT BE included on this line, but should be included on Line A-4).

If laundry services are purchased or linens rented, that expense should be entered here.

Line B-16 Nurse Aide Training Costs (75 HR)

Enter the total costs of the 75 Hour mandatory (OBRA) training program for nurse aides. These costs may include the training materials of student manuals, video tapes, practice tests and other training material required, as well as mileage to and from a training site.

Salaries and/or wages of the Nurse Aide in Training status, or a replacement aide, are not to be included as a cost of the Nurse Aide Training Costs. Salary and/or wages are to be included in Section A, Line A-3.

Include all costs of the Nurse Aide Training Program in Column 1.

Line B-17 Nurse Aide Testing Costs

Enter the total costs of the Nurse Aide competency and skills exam. These costs may include the cost of the Skills Exam, Competency Exam and mileage to and from the testing site.

Salaries and/or wages of the Nurse Aide in testing status, or a replacement aide are not to be included as a cost of the Nurse Aide Testing Costs. Salary and/or wages of Nurse Aides are to be included in Section A, Line A-3.

Include all costs of the Nurse Aide Testing Program in Column 1.

Line B-18 Inservice Training Director/Supervisor

Enter the gross salary of the Inservice Training Supervisor.

Line B-19 Inservice Training Personnel

If your facility has an employee(s) whose primary duties are to provide employee orientation, inservice training, or education (other than mandatory nurse aide training and testing, the cost should be reported in the "SALARY" column.

Line B-20 Inservice Training - Contracted

In the "Other" column, enter all fees paid to consultants with whom you have a written contract to conduct training sessions for your facility.

Line B-21 Inservice Training - Other

Other costs include travel, food, lodging, and attendance fees. These costs should be reported in the "OTHER" column.

Line B-22 FICA

Enter employer's share of FICA on salaries reported in Section B.

Line B-23 Employee Fringe Benefits

Enter employer's share of fringe benefits for employees reported in Section B.

Line B-24 Other Employee Benefits

The costs associated with providing employees with Hepatitis B vaccinations, flu vaccinations, pre-employment physical, etc., should be reported in Column 1.

Line B-25 Other Health and Subsistence

Costs associated with the areas of Dietary, Laundry, and Training, for which there is no specific cost category above, should be reported on this line.

Schedule I must be completed to document all costs listed on this line.

Line B-26 TOTAL HEALTH AND SUBSISTENCE

Enter the total of Lines B-1 through B-25.

GENERAL ADMINISTRATIVE EXPENSES

Line C-1 Administrator's Salary

Enter the gross salary of the facility's licensed administrator who is directly responsible for the day-to-day operation of the facility.

Line C-2 Assistant Administrator's Salary

Enter the gross salary of the facility's assistant administrator.

Line C-3 Office Salaries

Enter the gross salaries of receptionists, bookkeepers, typists, and public relations staff.

Line C-4 Non-Owners Director's Fees

Enter fees paid to the Board of Directors. The Director(s) must attend the meeting in order for director's fees to be allowable. Auditable records indicating attendance and duration of meetings must be kept. ARSD limits compensation to \$75.00 per day and a limit of twelve meetings per fiscal year.

Line C-5 Office Supplies

Enter the costs of consumable and non-depreciable purchases for administrative use.

Line C-6 Postage

Enter the cost of business-related postage.

Line C-7 Telephone Expense

Enter the cost of telephone and communication services.

Line C-8 Advertising Expense

Allowable advertising costs include those in connection with recruiting personnel, or for procurement of scarce items or services related to patient care. Advertising costs are NOT allowable in connection with fund-raising or to encourage patient utilization. In coordination with this, the cost of advertisements in the yellow pages is an allowable expense.

Line C-9 Central Office Expense

These costs are defined in HCFA-15, Chapter 21, and are services provided through a single organization for multiple facilities and are allocated to the benefiting cost

center on an approved basis. Prior approval by the Department of the allocation method(s) used is required. If no approval exists, all costs will be assigned to this line.

Line C-10 Legal and Accounting Expense

Enter fees paid for legal and accounting services.

Line C-11 Professional Liability Expense

Enter premiums paid for professional liability coverage.

Line C-12 Dues, Fees, Licenses, and Subscriptions

Reasonable cost of membership in organizations related to the development and operation of patient care facilities and programs, or the rendering of patient care services, is allowable. The cost of membership in social or fraternal organizations is not allowable.

The cost of subscriptions to professional, technical, or business related periodicals is allowable.

Line C-13 Administrative Travel

Enter expenses relating to business-related travel including meals and lodging of administrative staff, whether the facility pays the expenses directly or reimburses the employee.

Complete details must be provided on Schedule I regarding any out-of-state travel, exceeding \$250.00 per trip, including a justification of the need for travel.

Expenses of owned and/or leased vehicles should be reported under the appropriate line(s) in Section E.

Line C-14 FICA

Enter employer's share of FICA on salaries reported in Section C.

Line C-15 Employee Fringe Benefits

Enter employer's share of fringe benefits for employees reported in Section C.

Line C-16 Other Administrative

Enter costs of all administrative expenses not included in Lines C-1 through C-15. A detailed schedule for all costs over \$50.00 must be provided on Schedule I. DO NOT generalize costs e.g., staff relations, public relations, etc. Contributions ARE

NOT an allowable expense unless it is demonstrated that there is a tangible benefit to patient care.

Line C-17 TOTAL ADMINISTRATIVE SERVICES

Enter the total of Lines C-1 through C-16.

OTHER OPERATING

Line D-1 Workers Compensation

Enter the premiums or actual claims paid.

Line D-2 Unemployment Insurance

Enter the premiums paid.

Line D-3 Real Estate Taxes

Enter real estate taxes paid. Do not include employee withholding, unemployment tax, social security tax, sales tax, service tax, or income tax. Taxes may only be accrued to the extent that the expense is applicable to the cost report period. A facility may not accrue to the amount which they expect to pay during the rate year.

Property taxes are not allowable if the facility could possibly qualify for an exemption. Property taxes paid on the portion of land and buildings not used for long term care purposes must be adjusted out in Column 2. (HCFA-15 2022.1)

Line D-4 Patient Care Related Travel

Enter the cost of travel - whether provided by facility staff or outside service provider - which is a result of transporting residents for medical purposes.

Line D-5 TOTAL OTHER OPERATING

Enter the total of Lines D-1 through D-4.

PLANT AND OPERATIONAL EXPENSES

Line E-1 Maintenance Supervisor Salary

Enter the gross salary of the facility's maintenance supervisor.

Line E-2 Other Maintenance Salaries

Enter the gross salaries for all individuals employed in the operation and maintenance of the building or equipment.

Line E-3 Maintenance Supplies/Repairs

In the "Other" column, enter supplies, parts, and materials required to maintain the building or equipment, as well as inspection fees for physical plants such as elevators or boilers. Most non-depreciable equipment should be included here. Exceptions are non-depreciable nursing equipment, which should be entered on Line A-4, and non-depreciable office equipment, which should be entered on Line C-5. Expense of outside contractor services to repair or maintain the building and equipment should also be reported on this line.

Line E-4 Housekeeping Supervisor

Enter the gross salary of the facility's Housekeeping Supervisor.

Line E-5 Other Housekeeping Salaries

Enter gross salaries for all individuals performing housekeeping duties within the facility. (e.g., housekeepers, maids, and porters, etc.)

Line E-6 Housekeeping Supplies

Enter the costs of housekeeping supplies such as brooms, brushes, cleaning compounds, disinfectants, germicides, insecticides, mops, polish, soap, paper towels, and drinking cups.

Line E-7 Utilities (Heat and Other)

Enter the expense of electricity, water, gas, cable TV, and other utilities. Do not include telephone expense; telephone expense must be reported on Line C-7.

Line E-8 Interest - Working Capital

Enter working capital interest.

Reasonable, necessary and proper interest on both current and long-term indebtedness is an allowable cost provided that the indebtedness is related to patient care as defined in HCFA-15.

Contributions from owners which are in essence contributions to owners' equity must not be classified as loans. For example, funds provided by owners to replace operating losses are contributions to capital and thus interest on such loans is not allowable and must be adjusted out.

Interest income, or other investment income from unrestricted funds must be used to offset allowable interest expense.

Line E-9 Vehicle Supplies and Repairs

Enter the actual cost for all vehicles owned and/or leased and used by the facility for business purposes. Includes the cost of gas, oil, maintenance, tires, etc..

Line E-10 Vehicle Insurance

Enter the cost of insurance on all vehicles owned and/or leased by the facility (must be business related).

Line E-11 Vehicle Depreciation

Please report the total depreciation expense for your licensed motor vehicles. All depreciation must be computed using the straight line method and the estimated useful life as shown in the American Hospital Association guidelines for Depreciable Assets.

Line E-12 Vehicle Leases

If your facility leases vehicle(s) for business use, please enter the cost of the lease(s).

Line E-13 FICA

Enter employer's share of FICA on salaries reported in Section E.

Line E-14 Employee Fringe Benefits

Enter employer's share of fringe benefits for employees reported in Section E.

Line E-15 Other Plant and Operational Expenses

Schedule I must be completed to document any expenses listed on this line.

Line E-16 TOTAL PLANT AND OPERATIONAL EXPENSES

Enter the total of Lines E-1 through E-15.

CAPITAL EXPENSE

Line F-1 **Building Insurance**

Enter expense for insurance on property and equipment; include liability, fire, and comprehensive insurance. Income from an insurance settlement must be used to offset the applicable expense.

Line F-2 **Building Depreciation**

Include depreciation of all depreciable building assets on this line; no depreciation expense should be listed elsewhere on this schedule except as required on Lines D-4, E-11 and F-3. Building depreciation must be on a straight line basis not to exceed three percent of the cost basis for masonry or four percent for frame buildings.

Effective July 1, 1999, the capital basis for depreciation of new construction, major renovation, and or any facilities acquired through purchase, must be subject to a salvage value of at least 15%.

NOTE: Depreciation on care-related assets is an allowable cost subject to the following conditions:

- A. Depreciation must be computed on a straight line basis, starting from the date of completion or installation. If an accelerated method is used for book purposes, an adjustment must be made and workpapers supporting the adjustments must accompany the cost report.
- B. Depreciation must be based on historical cost of the asset for purchased assets, or fair market value at the time of donation or inheritance of the asset for donated or inherited assets. Adjustments in basis are not allowable for purchase of partnership interest, for other transfer of assets among related parties, or due to purchase of capital stock. The basis of the building and equipment may not be increased by retroactively capitalizing costs which were previously expensed on the books of the provider.
- C. Depreciation must be spread over the useful life of the asset in accordance with the State Plan. Renovations which cost \$1,000 or more and have a useful life longer than one year are to be considered as capital improvements and must be depreciated according to AHA Guidelines. Leasehold improvements costing \$500 or more are to be depreciated over the useful life of the lease (including extensions) or the useful life of the improvement, whichever is shorter.

Building Depreciation expense on assets must be based upon the number of months used.

- D. Depreciation lives must be consistent from year to year, unless changes are approved, in advance and in writing, from the Department of Social Services.

Line F-3 Furniture and Equipment Depreciation

Equipment and furniture must be depreciated if it costs more than \$500 and has an estimated useful life of more than one year. The basis will be the owner's cost or the fair market value when acquired, less the estimated salvage value. If items with estimated lives over one year are acquired in quantity, these items must also be depreciated according to the standards set forth by the American Hospital Association. Single items of repair and maintenance which cost \$1,000 or more

and have a useful life of more than one year must be considered as capital improvements and depreciated according to American Hospital Association Guidelines. No depreciation is allowed on assets fully depreciated. All depreciation must be computed using the straight line method and the estimated useful life shown in the American Hospital Association guidelines for depreciable assets and must meet the criteria of HCFA-15.

Line F-4 Amortization of Organization, Pre-Operating and Debt Issue Costs

Cost of organizing the facility prior to operation are allowable only if amortized over a minimum five-year period using the straight line method of amortization. Similarly, other pre-operating costs are allowable if amortized (straight line) over a minimum five-year period. Organization costs include those which are directly incident to the formation of a corporation or other form of business. The benefits or services inherent in organization costs should extend over future time periods of operation. Examples of allowable organization costs include legal fees, accounting fees, incorporation fees, expenses of directors, etc.

Pre-operating expenses are those which are incurred in making preparation for rendering patient care before the first patient is admitted. In that these costs provide benefits over future accounting periods, the costs should be capitalized and amortized over a minimum of a five-year period beginning when the first patient is admitted. Examples of these expenses are interest expenses (excluding interest on construction during the time of construction), maintenance, insurance, taxes, utilities, employee training costs, etc.

Planning costs should NOT be reported on this line. Planning costs should be added to the cost of the building and depreciated with other building costs over the estimated useful life of the building. Examples of planning costs are feasibility and engineering studies, architect fees, consultant fees, and provider staff time, etc.

Interest costs on funds borrowed for construction incurred during the construction period must be capitalized as a part of the building cost, and depreciated over the life of the building.

Line F-5 Interest - Mortgage

Enter interest on care-related long term debt.

Reasonable, necessary and proper interest on both current and long-term indebtedness is an allowable cost provided that the indebtedness is related to patient care as defined in HCFA Pub-15.

Interest income, or other investment income from unrestricted funds must be used to offset allowable interest expense.

Line F-6 Rent - Facility and Grounds

Includes actual rent or lease expense paid to an unrelated party for the facility and grounds. Reasonable amounts expensed for the rental of care-related assets are allowable insofar as they represent arms-length transactions between the owners of the property and the unrelated party claiming the expense.

Rents paid to related organizations are not allowable expenses and must be adjusted out in Column 2. The capital cost of the related organizations (i.e., depreciation, interest, and real estate tax expense) must be itemized and reported on the appropriate line.

Line F-7 Equipment Rent

Enter the cost of renting equipment. If rent for equipment is paid to a related individual or an organization related to the facility by common ownership or control, the cost of ownership should be shown on the applicable lines and rent expense claimed should be adjusted to actual cost of ownership in Column 2.

Line F-8 TOTAL CAPITAL EXPENDITURES

Enter the total of Lines F-1 through F-7.

Line G-1 **TOTAL REPORTED COSTS**

Section G, Lines 1, 2, 3 and 4 will be completed by the Department.

Line H-1 **RETURN ON NET EQUITY**

To be completed by the Department.

Line H-2 **TOTAL RECOGNIZED COSTS**

To be completed by the Department.

Schedule B

HCFA Pub. 15-1 Subsection 1000 provides the general principal of including related organization costs in the allowable nursing home costs and HCFA Pub. 15-1 Subsection 1005 indicates the basis for determining reasonableness and allowability of related organization costs. HCFA Pub. 15-1 Section 2150 provides the basis for allocating Central Office costs.

ALLOCATION OF RELATED ORGANIZATION COSTS.

If Line 1 of Schedule B is answered "YES", complete the reminder of this schedule.

Column 1 Should reference the line in Schedule A of the cost report which contains the allocated related organization costs.

Column 2 Is a short description of the cost being allocated.

Column 3 Should be used to specify the basis for allocation, (days, direct costs, and square feet are all examples of possible methods (basis) of reasonable allocations).

Column 4 Shows the related organization's cost, which ultimately become part of the facility's costs.

Prior approval by the Department of the allocation method(s) used to allocate Central Office expense is required. If no approval exists, all costs must be reported on Line C-9, Schedule A.

Schedule C

Under the column titled "Line Number Offset" (Column 4) please enter the line number from Schedule A (e.g., income from non-patient meals would offset Line B-12).

Revenue listed in columns 1, 2, and 3 should be shown as a positive number.

Net Revenue in column 3 is calculated by subtracting column 2 from column 1 for each revenue item.

Schedule D

To be completed by all proprietary facilities.

Cash on hand must not total more than one-sixth of the annual operating expenses as submitted per the summary (as per Schedule A, Line G-1, Column 6) irrevocable funded depreciation and funded self insurance reserve(s) are to be deducted from excessive cash calculations.

Goodwill is the excess of the purchase price for the facility assets over the allowable cost basis for those assets (as defined in HCFA Pub. 15-1 1215).

If central office costs are reported on Schedule A, Line C-9, a workpaper must be attached to this report showing the allocated central office equity. This allocation of equity will reflect either a positive or negative equity allocation. The workpaper must identify the basis or method of allocating central office equity. Allocated central office equity and central office costs (as reflected on Schedule B) must be consistently allocated. For example, a nursing home that has interest expense directly allocated to that home from central office must, for purposes of computing net equity, have the corresponding central office debt (that incurred the interest expense) be directly allocated to the nursing home. The allocated central office equity reported on this schedule must not include an amount the nursing home owes to central office in the assets of Central Office, nor should an amount that central office owes to the nursing home (a liability at central office) be subtracted from central office assets, in computing the allocated central office equity.

If the reporting period is less than twelve months, return on equity will be prorated.

Schedule E

Self-explanatory. To be completed by ALL facilities.

Schedule F

This schedule is for reporting the staffing and gross salary costs of the facility.

Column 1 corresponds the line numbers of Schedule A to the listed position classifications.

Column 2 is used for reporting the salary cost of each position classification, and must correspond to Schedule A.

Column 3 is used to report the number of hours for each position classification corresponding to column 2 of this schedule (Schedule F).

Column 4 is used to report the FICA per the salaries reported in column 2 of this schedule (Schedule F).

Column 5 is used to report the fringe benefits (health insurance, life insurance, pension plans, retirement plans, etc.) furnished by the employer as applied to the position classifications.

Schedule G

STATEMENT OF COMPENSATION AND OTHER PAYMENTS TO OWNERS, RELATIVES, AND MEMBERS OF THE BOARD OF DIRECTORS. Enter the names of ALL individuals having ANY ownership interest in the facility (even those with less than 5% ownership) and the names of any immediate relatives of such individuals, who also received PAYMENT OF ANY TYPE (salary or wages, payment for services, pension, director fees, management fees, etc.) from the facility during the reporting period. For each individual listed, enter his/her title, average hours, percent of total work week, ownership interest information, and the type and amount of compensation. The average number of hours must be entered, a statement such as "various" or "as needed" will not be accepted. In Column 4 indicate the TOTAL amount of compensation that each owner and related party received from other nursing homes. Then attach a schedule detailing the name(s) of the home(s) as well as the amount paid.

Also, this Schedule must be completed for any members of the Board of Directors who receives compensation from the facility, even if this is a non-profit facility.

The total director's fees (Schedule A, Line C-4) must be supported on this Schedule.

For the purposes of this report, a work week is defined as forty hours; a related party includes those relatives of the owners of the reporting facility including spouses, children, parents, brother and sister, grandparents, grandchildren, parents-in-law, sister or brother-in-law, and son or daughter-in-law, aunts, uncles, and cousins.

The total amount of compensation reported in Column 6 shall include but not be limited to: salary, housing allowance, automobile allowance, costs of assets and services received (e.g., housing, auto), deferred compensation, pension, annuity, supplies and services received for personal use, cost of a domestic or other employee who works in the individuals home, life, and health insurance premiums.

An owner, for purposes of completing this schedule, may be a direct owner or indirect owner of the nursing home.

An example of indirect ownership would be an administrator owning stock in corporation A which owns stock in corporation B (the nursing home). While the administrator is not a direct owner of the facility he or she is an indirect owner of the nursing home because of the stock ownership of corporation A which in turn owns the nursing home.

Indirect owners must specify their indirect ownership interest in the facility in Column 3 of this schedule.

FAILURE TO PROPERLY COMPLETE THIS SCHEDULE INDICATING ALL FORMS OF COMPENSATION RECEIVED FROM THIS HOME, ALL OTHER NURSING HOMES, AND ALL MANAGEMENT COMPANIES MAY RESULT IN THE DISALLOWANCE OF SUCH COMPENSATION.

Schedule H

Building and Fixed Equipment. This schedule should be completed only if the facility rents from an UNRELATED party. The party holding the lease (i.e., the Lessor) must be identified and must not have any ownership interest in the operating corporation.

Column 3, "Date of Lease", should reflect the initial date of the lease agreement between the lessor and the present lessee. Dates of amended lease agreements between the same two parties should not be entered here.

In Column 4, specify the rental cost for the period of this cost report.

If the provider has an option to purchase the home, provide complete details on an attached schedule.

Provide the beginning and ending effective dates of the current lease agreement and the required rental expense for the next three years on Lines 8, 9, and 10.

Any lease considered a lease/purchase must be capitalized in accordance with guidelines issued by the American Institute of Certified Public Accountants.

Equipment Rental - Excluding Transportation and Fixed Equipment. The facility should itemize the total rental expense incurred during the reporting period for movable equipment, which was paid to an UNRELATED party. (Rent paid related organizations should not be included here, but the information concerning the equipment should be entered in Schedule B.) Information for any vehicle rental or leasing should not be included in this section, but included in Part III of this schedule.

Vehicle Rental. All rental or leasing of vehicles from UNRELATED parties should be itemized here.

Schedule I

I-1. Other Direct Patient Care - Provide details of all costs over \$50.00 reported on Schedule A, Line A-12.

- I-2. Other Health and Subsistence - Provide details of all costs reported on Schedule A, Line B-25.
- I-3. Administrative Travel - Please provide details for any out-of-state travel exceeding \$250.00 per trip. Detail must include who, why, when, where, and how it related to the business of the facility. Out-of-state travel not detailed in full will be disallowed.
- I-4. Other Administrative - Please provide details of all costs reported on Schedule A, Line C-16, that are in excess of \$50.00. DO NOT generalize costs.
- I-5. Other Plant and Operational - Please provide details of all costs reported on Schedule A, Line E-15.

Schedule J

Discontinued. Replaced with Schedule I-3.

Schedule K

Discontinued. Replaced with Schedule I-4.

Schedule L

Discontinued

Schedule L-1

Discontinued

Schedule M

Self-explanatory. All Facilities must answer Lines 1 and 2. Lines 3 through 25 should only be completed if a change of ownership and/or operator has occurred.

Schedule N

INTEREST EXPENSE

Complete the information requested concerning all unpaid notes as of the last day of the reporting year, as well as all notes paid off during the reporting period. Itemize all notes, short-term as well as long-term. (Attach a separate schedule if necessary.)

Short-term for this purpose is defined as revolving credit or due within one year from the date on which the loan was made. Bond issues should also be reported on this schedule; indicate bond issue by writing "bond" in Column 1. The interest rate in Column 7 should be reported in four digits, (such as 0850 for 8.5%). All dollar amounts should be rounded to the nearest dollar.

Be sure to complete all columns of this schedule. ALL non-care related loans should be detailed on Lines 10 through 13.

Patient care related debt and interest are that debt and interest which is necessary and proper for operation of the facility for the purpose of rendering patient care. Necessary means interest incurred on a loan made to satisfy a financial need of the provider and for a purpose reasonably related to patient care. For example, interest on loans for purposes of investing in something other than the provider's operations is not patient care related. Necessary also requires that the patient care related portion of interest be reduced by investment income whenever the funds are not restricted in a way that prevents the use of the investment capital to substitute for borrowed funds. Proper means that interest be incurred at a rate not in excess of what a prudent borrower would have to pay in an arms-length transaction in the money market when the loan was made. Non-patient care related interest will be excluded for purposes of determining reimbursement rates.

Schedule O

This form is in reference to the census data of your facility. Please complete the information as requested. The total resident days from Line 17 should be transferred to the Summary Schedule, Section III, Line 7.

As in the past, on the Summary Schedule, Section III, STATISTICS Line 7, you are to show your resident bed days and are required to count Medicaid and private bed days in the same manner. If you receive one half to full pay for either Medicaid or private pay, up to five days in one hospital stay, you are to show these days as full reserve bed days. Any pay your receive from private pay for holding beds prior to admission, (NOTE: advance reserve days are defined as only for those residents who have not been a resident of your facility during the previous thirty days.) or for excess of five days for hospital stays, should not be shown. Paid home visitation days should be shown for both private and Medicaid. If you are paid one half to full pay, they are to be shown as a full day. If you receive less than one half pay for private, you should not count this as a resident day.

Schedule O-1

Count all physical present days; all paid reserve bed days including hospital days in excess of five; all advance reserve bed days, and all days of uncompensated care whether the resident is or is not present.

In reference to hospital days, we ask that you include all Reserve Bed Days, including those days that exceed the five paid days, in the column titled "Hosp". Please indicate the number of reserve bed days exceeding five in the column titled "Excess". Example: If a resident is in the hospital for 10 consecutive days, you would report 10 days in the column titled "Hosp", and 5 days in the column titled "Excess".

Part I - Count all residents classified as SNF or NF Level of Care.

Part II - Count all residents classified as Supervised Personal Care.

Part III - Totals of Part I and II.

Schedule P

The attestation statement must be the notarized signature of the owner/administrator or preparer. Any report submitted without the proper notarized signature will be returned.